## 1 STATE OF OKLAHOMA 2 1st Session of the 59th Legislature (2023) HOUSE BILL 1775 3 By: Williams 4 5 6 AS INTRODUCED 7 An Act relating to state government; creating the Department of Central Services; making Division a separate and distinct agency; directing Department 8 and Director to continue to exercise statutory 9 powers, duties, and responsibilities; providing for succession to contractual rights and 10 responsibilities; requiring Director to adopt and enforce certain rules and authorizing further rulemaking authority; authorizing execution of 11 certain agreement; requiring consent of employees prior to transfer; providing certain protections 12 relating to salary, leave, time earned, and benefits; 1.3 requiring transfer of personnel to be coordinated with Office of Management and Enterprise Services; 14 requiring payment of certain expenses; abolishing certain division within the Office of Management and 15 Enterprise Services upon completion of transfer; directing certain coordination; providing for certain 16 transfers; amending 74 O.S. 2021, Sections 61.2, 85.3, 85.5, and 62 O.S. 2021, Section 34.3.1, which 17 relate to Department of Central Services; modifying references to Department and Director; providing for 18 codification; and providing an effective date. 19 20 21 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA: 22 SECTION 1. NEW LAW A new section of law to be codified 23 in the Oklahoma Statutes as Section 61.10 of Title 74, unless there

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is created a duplication in numbering, reads as follows:

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A. 1. There is hereby created the Department of Central Services. The Governor shall appoint a Director of Department of Central Services, by and with the advice and consent of the Senate, who shall hold office at the pleasure of the Governor and shall continue to serve until his or her successor is duly appointed and is qualified. The salary of the Director of the Department of Central Services shall be set by the Legislature.

- 2. The Director of the Department of Central Services, with the approval of the Governor, shall employ and make the appointment of such experts and assistants as may be necessary in the performance of the Director's duties as required by law. No appointments to positions shall be made in excess of the positions authorized by act of the Legislature for the Office of Management and Enterprise Services.
- 3. Beginning on the effective date of this act, the Department of Central Services shall cease to be part of or a division of the Office of Management and Enterprise and shall be deemed to be a separate and distinct agency, to be known as the Department of Central Services. The Department of Central Services and the Director of the Department of Central Services shall continue to exercise their statutory powers, duties, and contractual responsibilities. All records, property, equipment, assets, monies, financial interests, liabilities, matters pending, and funds of the Department of Central Services as a Division of the Office of

Management and Enterprise Services shall be transferred to the Department of Central Services.

- 4. The Department shall succeed to any contractual rights or responsibilities incurred by the Department of Central Services

  Division of the Office of Management and Enterprise Services.
- 5. Rules promulgated by the Department of Central Services
  Division of the Office of Management and Enterprise Services that
  are in effect on the effective date of this act shall be immediately
  adopted and enforced by the Department and the Director of the
  Department and shall maintain the authority to further promulgate
  and enforce rules.
- 6. The Department and the Office of Management and Enterprise Services may enter into an agreement for the transfer of personnel from the Office of Management and Enterprise Services to the Department. No employee shall be transferred to the Department except on the freely given written consent of the employee. All employees who are transferred to the Department shall not be required to accept a lesser grade or salary than presently received. All employees shall retain leave, sick, and annual time earned, and any retirement and longevity benefits which have accrued during their tenure with the Office of Management and Enterprise Services. The transfer of personnel between the state agencies shall be coordinated with the Office of Management and Enterprise Services.

7. The expenses incurred by the Department as a result of the transfer required by this subsection shall be paid by the Office of Management and Enterprise Services.

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- 8. The Department of Central Services Division within the Office of Management and Enterprise Services shall be abolished by the Office of Management and Enterprise Services after the transfer has been completed.
- 9. The Office of Management and Enterprise Services shall coordinate the transfer of records, property, equipment, assets, funds, allotments, purchase orders, liabilities, outstanding financial obligations, or encumbrances provided for in this subsection.
- SECTION 2. AMENDATORY 74 O.S. 2021, Section 61.2, is amended to read as follows:

Section 61.2 Whenever the terms "Board of Affairs", "State
Board of Public Affairs", "Board" when used in reference to the
Board of Public Affairs, or "Office of Public Affairs, or
"Department of Central Services, appear in the Oklahoma Statutes
they shall mean the Office of Management and Enterprise Services.
Whenever the term "Director of Public Affairs, appears in the
Oklahoma Statutes it shall mean the Director of the Office of
Management and Enterprise Services. Whenever the term "Director of
Central Services, appears in the Oklahoma Statutes it shall mean the

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1 Director of the Office of Management and Enterprise Services or 2 designee.
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3 SECTION 3. AMENDATORY 74 O.S. 2021, Section 85.3, is 4 amended to read as follows:

- Section 85.3 A. There is hereby created and established in the Office of Management and Enterprise Services Department of Central Services a Purchasing Division, the administrative head of which shall be the State Purchasing Director.
- B. The Director of the Office of Management and Enterprise

  Services Department of Central Services shall hire the State

  Purchasing Director. The State Purchasing Director shall:
- 1. Have a thorough knowledge of office practices and buying procedures in volume purchasing; and
- 2. Be a graduate of an accredited college or university with at least five (5) years' experience in commercial or governmental purchasing, or, in lieu of such education, have at least ten (10) years' experience in commercial or governmental purchasing.
- C. The State Purchasing Director, with the approval of the Director of the Office of Management and Enterprise Services

  Department of Central Services, may employ such personnel as may be necessary to exercise authority and perform duties under the Oklahoma Central Purchasing Act.
- D. All activities of any state agency, department, or institution relating to purchasing shall be under the direction of

1 the Purchasing Division unless otherwise provided by the Oklahoma
2 Central Purchasing Act.

- E. The Purchasing Division shall provide qualified personnel to assist the purchasing activities of state agencies, departments, and institutions, as required by the Oklahoma Central Purchasing Act.
- F. Each state agency, department, and institution shall designate personnel to coordinate its purchasing functions with the Purchasing Division.
- G. The Purchasing Division may, if the needs of a state agency, department, or institution are such as to so require, employ, and establish a buyer within a state agency. The state agency shall pay all expenses incurred for any buyer required to be placed within its agency.
- H. Except as provided in Section 34.36 of Title 62 of the Oklahoma Statutes, no state agency subject to the Oklahoma Central Purchasing Act shall have or maintain a purchasing section without the prior approval in writing of the Purchasing Division unless otherwise provided in the Oklahoma Central Purchasing Act nor shall such purchasing section perform purchasing functions for another state agency.
- I. The Purchasing Division shall make acquisitions from industries operated by the Department of Corrections pursuant to the provisions of Section 549.1 of Title 57 of the Oklahoma Statutes.
  - J. None of the personnel authorized by this section shall:

1. Sell to or otherwise provide acquisitions to any state agency subject to the Oklahoma Central Purchasing Act;

- 2. Be employees, partners, associates, officers, or stockholders in or with any business entity that sells to or otherwise provides acquisitions to any state agency subject to the Oklahoma Central Purchasing Act;
- 3. Be employed in any of the positions authorized by this section if a spouse or child owns any stock in any business entity which sells to or otherwise provides acquisitions to any agency subject to the Oklahoma Central Purchasing Act;
- 4. Be employed in any of the positions authorized by this section if a relative within the third degree of consanguinity or affinity sells to or otherwise provides acquisitions to any state agency subject to the Oklahoma Central Purchasing Act or is interested in any business entity which does so, except that such relative, excluding a spouse or child, may own Twenty-five Thousand Dollars (\$25,000.00) worth or less, or one percent (1%) or less, whichever amount is the lesser amount, of the stock of a corporation or any business entity which sells to or otherwise provides acquisitions to any state agency subject to the Oklahoma Central Purchasing Act; or
- 5. Violate applicable rules of the Ethics Commission promulgated pursuant to Article XXIX of the Oklahoma Constitution that relate to accepting gifts from a vendor or a vendor's agent.

SECTION 4. AMENDATORY 74 O.S. 2021, Section 85.5, is amended to read as follows:

Section 85.5 A. Except as otherwise provided in this section, the State Purchasing Director, under the supervision of the Director of the Office of Management and Enterprise Services Department of Central Services, shall have sole and exclusive authority and responsibility for all acquisitions by state agencies. In order to carry out the powers and duties of the Chief Information Officer and the Information Services Division, the Chief Information Officer shall have sole and exclusive authority and responsibility for all acquisitions of information and telecommunications technology, equipment, software, products and related peripherals and services by state agencies. Public construction contracts are awarded pursuant to Title 61 of the Oklahoma Statutes and are not subject to the Oklahoma Central Purchasing Act.

B. Every state agency shall determine its own quantitative needs for acquisitions and the general class or nature of the acquisitions. The State Purchasing Director, after consultation with the requisitioning state agency, shall have authority to determine the particular brand, model or other specific classification of each acquisition and to draft or invoke pursuant to the Oklahoma Central Purchasing Act specifications establishing the requirements for all necessary contracts or purchase orders.

- C. The Director of the Office of Management and Enterprise

  Services Department of Central Services shall have authority and responsibility to promulgate rules in connection with provisions of the Oklahoma Central Purchasing Act for:
- 1. The time, manner, authentication and form of making requisitions for acquisitions;

- 2. Inspection, analysis and testing of acquisitions or samples bidders submit prior to contract award;
- 3. The form and manner of submission for bids or proposals a bidder submits and the manner of accepting and opening bids or proposals;
- 4. The conditions under which the Office of Management and Enterprise Services Department of Central Services shall require written contracts for acquisitions, the conditions under which acquisitions may be made on an open account basis, and the conditions and manner of negotiating such contracts;
  - 5. Obtaining acquisitions produced by state institutions;
- 6. Conditions under which any of the rules herein authorized may be waived;
- 7. The amounts of and deposits on any bond or other surety required to be submitted with a bid or contract for the furnishing of acquisitions and the conditions under which such bond or other surety shall be required;

- 8. The manner and conditions of delivery, which shall include the designation of the common carrier of property to be used to transport acquisitions whenever a common carrier is used, and the acceptance, or rejection, including check of quantities, of any acquisitions;
- 9. The form of any estimate, order or other information required in connection with an acquisition;

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- 10. State agency acquisitions not exceeding the acquisition threshold amount requiring competitive bid to ensure competitiveness, fairness, compliance with the Oklahoma Central Purchasing Act and Section 3001 et seq. of this title, which relates to the State Use Committee. The rules shall include separate provisions based on acquisition amounts as follows:
  - a. state agencies shall make acquisitions not exceeding

    Twenty-five Thousand Dollars (\$25,000.00), provided

    the acquisition process is fair and reasonable and is

    conducted pursuant to rules authorized pursuant to

    this section, and
  - b. state agencies with certified procurement officers and internal purchasing procedures found compliant by the State Purchasing Director may make acquisitions in excess of the fair and reasonable acquisition threshold amount provided for in this section and not exceeding Two Hundred Fifty Thousand Dollars

1 (\$250,000.00), pursuant to rules authorized by this section;

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- 11. Training by the State Purchasing Director of state agency procurement officers;
- 12. Review and audit by the State Purchasing Director of state agency acquisitions;
- 13. The conditions for increasing acquisition limits for state agencies which have had a prior reduction in acquisition limit by the Director of the Office of Management and Enterprise Services

  Department of Central Services;
  - 14. Use of a state purchase card to make acquisitions;
- 15. Any other matter or practice which relates to the responsibilities of the State Purchasing Director;
- 16. Conditions for determination and authorization of acquisition threshold amounts of state agencies;
- 17. The form and manner of verification by suppliers that the supplier is eligible to do business in the State of Oklahoma and has obtained all necessary permits and licenses, pursuant to applicable provisions of law; and
- 18. Payment procedure rules for state agencies to adhere to regarding statewide contracts.
- D. The State Purchasing Director shall provide training for state agency procurement officials, and other procurement staff, and is authorized to require retraining of such procurement personnel

1 found not to be in compliance with provisions of the Oklahoma Central Purchasing Act or associated rules. The training may include any matters related to state procurement practices. State 3 4 agency purchasing officials that demonstrate proficiency shall be 5 certified as "certified procurement officers" by the State Purchasing Director and shall be authorized to make acquisitions 6 7 pursuant to provisions of the Oklahoma Central Purchasing Act and associated rules. The State Purchasing Director may assess a fee to 8 9 state agencies for the training that does not exceed each state 10 agency's pro rata share of the costs the State Purchasing Director 11 incurs to provide the training.

E. The State Purchasing Director shall review state agency acquisitions for the purposes of:

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- Ensuring state agency compliance with provisions of the Oklahoma Central Purchasing Act;
- 2. Ensuring state agency compliance with rules promulgated by the Office of Management and Enterprise Services Department of Central Services pursuant to the Oklahoma Central Purchasing Act;
- 3. Ensuring state agency compliance with provisions of Section 3001 et seq. of this title pertaining to the State Use Committee;
- 4. Reporting any acquisition by any state agency found not to be in compliance with those sections or rules to the Director of the Office of Management and Enterprise Services Department of Central Services;

5. A determination by the State Purchasing Director to reduce a state agency's acquisition authority amount when the state agency is found not to be in compliance with the Oklahoma Central Purchasing Act or associated rules or requirements of the State Purchasing Director pursuant to this section; and

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- 6. A determination by the State Purchasing Director to increase a state agency's acquisition authority amount after the agency cures deficiencies in connection with a prior reduction in the authority amount by the State Purchasing Director.
- F. Based on written findings and when recommended by the State Purchasing Director, the Director of the Office of Management and Enterprise Services Department of Central Services may:
- 1. Transmit written findings by the State Purchasing Director to the State Auditor and Inspector for further investigation, indicating purchasing procedures that do not conform to the Oklahoma Central Purchasing Act or associated rules; or
- 2. Transmit to the Attorney General or the State Auditor and Inspector for further investigation a report made by the State Purchasing Director that the Director of the Office of Management and Enterprise Services Department of Central Services reasonably believes indicates that an action that constitutes a criminal violation pursuant to the Oklahoma Central Purchasing Act or other laws has been taken by any state agency, state agency official, bidder or supplier.

G. 1. Pursuant to the requirements of the Oklahoma Central Purchasing Act, the State Purchasing Director shall have authority to enter into any statewide, multistate or multigovernmental contract. The state entity designated by law, as specified in Section 1010.3 of Title 56 of the Oklahoma Statutes, shall participate in the purchase of pharmaceuticals available through such multistate or multigovernmental contracts entered into by the State Purchasing Director.

- 2. Whenever it appears advantageous to the state or to any state agency to purchase or otherwise acquire any acquisition which may be offered for sale by the United States government or any agency thereof, the State Purchasing Director may execute a contract for the acquisition with the federal government or federal agency and may also utilize contracts awarded by other governmental agencies including, but not limited to, agencies of the United States of America.
- 3. The State Purchasing Director may designate, for use by state agencies, contracts described in this subsection and contracts awarded on behalf of one or more state agencies.
- 4. Prior to exercising the authority to cancel a contract, the State Purchasing Director may authorize renegotiation of an existing contract with an incumbent supplier for the purposes of obtaining more favorable terms for the state.

5. The State Purchasing Director shall have the authority to designate certain contracts for state agencies as statewide contracts and mandatory statewide contracts. In order to carry out the powers and duties of the Chief Information Officer and Information Services Division, the Chief Information Officer shall have the authority to designate certain information technology and telecommunication contracts as statewide contracts and mandatory statewide contracts and may negotiate consolidation contracts, enterprise agreements and high technology system contracts in lieu of or in conjunction with competitive bidding procedures to reduce acquisition cost.

- 6. The State Purchasing Director may publish such specifications relating to materials, supplies, equipment and services to be acquired for the state as may best promote competition and apprise potential suppliers of the type of product desired.
- H. 1. The State Purchasing Director may develop and test new contracting policies, procedures and innovations that hold potential for making state procurement more effective and efficient and identify, and make recommendations to the Legislature of, any appropriate changes in law. Such development and testing, proof of concept, pilot project or other similar test shall not be considered an acquisition subject to the Oklahoma Central Purchasing Act.

2. The State Purchasing Director is authorized to explore and investigate cost savings in energy, resource usage and maintenance contracts and to identify and negotiate contract solutions including, but not limited to, pilot projects to achieve cost savings for this state.

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- I. The State Purchasing Director shall endeavor to satisfy state agencies in terms of cost, quality and timeliness of the delivery of acquisitions by using bidders who have a record of successful past performance, promoting competition, minimizing administrative operating costs and conducting business with integrity, fairness and openness.
  - J. The State Purchasing Director shall undertake the following:
- The use of electronic commerce pursuant to the Oklahoma
   Online Bidding Act for solicitation, notification and other
   purchasing processes;
- 2. Monitoring rules promulgated pursuant to the Oklahoma Central Purchasing Act to ensure that the rules satisfy the interests of the state, are clear and succinct and encourage efficiency in purchasing processes;
  - 3. A program to identify suppliers' performance records;
- 4. Development of criteria for the use of sealed bid contracting procedures, negotiated contracting procedures, selection of types of contracts, postaward administration of purchase orders

1 and contracts, addendums, termination of contracts and contract
2 pricing;

- 5. Continual improvement in the quality of the performance of the Purchasing Division through training programs, management seminars, development of benchmarks and key management indicators, and development of standard provisions, clauses and forms;
- 6. The State Purchasing Director shall prescribe standardized contract forms and all other forms or certifications requisite or deemed necessary by the State Purchasing Director to effectuate the provisions of the Oklahoma Central Purchasing Act and associated rules;
- 7. Development of programs to improve customer relations through training, improved communications and appointment of technical representatives;
- 8. Provide for public two-way communication between procurement officers and potential bidders who have questions regarding a request for proposal or invitation to bid; and
- 9. Determine whether and to what extent information included in a bid or similar offer is confidential and reject all requests to disclose the information so designated.
- K. The State Purchasing Director may utilize and authorize state agencies to utilize reverse auctions to obtain acquisitions.
- L. Prior to the award of a contract to a supplier, the State

  Purchasing Director shall verify, pursuant to applicable provisions

of law, that the supplier is eligible to do business in this state by confirming registration with the Secretary of State and franchise tax payment status pursuant to Sections 1203 and 1204 of Title 68 of the Oklahoma Statutes. The provisions of this subsection shall be applicable only if the contract amount is Two Hundred Fifty Thousand Dollars (\$250,000.00) or greater.

- M. On an annual basis, the State Purchasing Director shall transmit to the Governor, Speaker of the House of Representatives and President Pro Tempore of the Senate a report documenting the savings realized by each agency through the application of best spend practices including the collection and tracking of spend data, strategic sourcing programs and implementation of managed and mandatory statewide contracts and include in the report information regarding emergency acquisitions.
- N. The acquisition threshold amount applicable to an acquisition made pursuant to this act or associated rules shall not apply to state agency purchases; provided, the State Purchasing Director determines the agency has subject matter experts on staff having the specialized expertise to purchase goods or services, the agency possesses the necessary legal and procurement staff to procure and monitor the contracts and provided the Director of the Office of Management and Enterprise Services Department of Central Services shall certify that the proposed purchase does not conflict with consolidated statewide spend initiatives.

1. Nothing in this subsection shall give an agency authority to issue statewide, multistate or multigovernmental contracts.

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- 2. Agencies making purchases pursuant to this subsection shall:
  - a. be responsible for contracts awarded pursuant to this subsection, which includes, but may not be limited to, contract management, protest costs, all costs connected with or incurred as a result of the contract, including legal representation,
  - b. comply with rules and policies of the Office of Management and Enterprise Services Department of Central Services, and
  - c. report contracts issued pursuant to this subsection to the Office of Management and Enterprise Services, Central Purchasing Division Department of Central Services, on a quarterly basis.
- 3. Purchases made in accordance with this subsection shall be made pursuant to rules authorized by this section.
- O. The State Purchasing Director, with approval by the Director of the Office of Management and Enterprise Services Department of Central Services, is authorized to make use of any state laboratories for the tests and analyses authorized in this section wherever practicable and to use private laboratories or the laboratories of another government agency if it is impracticable to use state laboratories. The State Purchasing Director is further

authorized to cooperate in test and analysis programs or agreements
with other states or the United States government and to accept
federal funds and funds donated by private endowments or foundations
for the purpose of participation in such testing programs.

SECTION 5. AMENDATORY 62 O.S. 2021, Section 34.3.1, is amended to read as follows:

Section 34.3.1 A. The Department of Central Services, Office of Personnel Management, Oklahoma State Employees Benefits Council and the State and Education Employees Group Insurance Board are consolidated into the Office of Management and Enterprise Services. The Director of the Office of Management and Enterprise Services shall assume all executive-level responsibilities for each agency and shall function as and possess the powers of the agency director for each consolidated agency as enumerated by existing statute. For the purposes of this section the term "consolidated agencies" shall mean the Department of Central Services, Office of Personnel Management, Oklahoma State Employees Benefits Council and the State and Education Employees Group Insurance Board. Any funds appropriated to, in the possession of or allocated to any of the consolidated agencies shall be deemed to be funds of the Office of Management and Enterprise Services.

B. Upon request of the Director of the Office of Management and Enterprise Services, the personnel of the consolidated agencies shall deliver to the Office of Management and Enterprise Services

- all books, papers, records and property of the consolidated agencies.
  - C. All functions, powers, duties and obligations previously assigned to each of the consolidated agencies are hereby transferred to the Office of Management and Enterprise Services.
  - D. All rules, regulations, acts, orders, determinations and decisions of the consolidated agencies pertaining to the functions and powers herein transferred and assigned to the Office of Management and Enterprise Services, in force at the time of such transfer, assignment, assumption or devolution shall continue in force and effect as rules, regulations, acts, orders, determinations and decisions of the consolidated agencies until duly modified or abrogated by the appropriate body or until otherwise provided by law.
    - SECTION 6. This act shall become effective November 1, 2023.

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